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7 **UNITED STATES BANKRUPTCY COURT**  
8 **EASTERN DISTRICT OF WASHINGTON**

9 In re:

10 GIGA WATT, Inc., a  
11 Washington corporation,  
12 Debtor.

Case No. 18-03197 FPC 7

The Honorable Frederick P. Corbit

Chapter 7

13 **POTOMAC LAW GROUP'S REPLY TO**  
14 **JUN DAM'S OBJECTION TO THE FIRST**  
15 **AND FINAL CONTINGENCY FEE**  
16 **APPLICATION OF THE POTOMAC LAW**  
17 **GROUP PLLC (PERKINS ADVERSARY**  
18 **PROCEEDING**

19 Hearing Date:

20 Date: September 10, 2024

21 Time: 10:30 Pacific Time

22 Location: 904 West Riverside Ave., Ste. 304  
23 Spokane, WA 99201

24 PLG'S REPLY TO JUN DAM'S OBJECTION TO  
25 PLG CONTINGENCY FEE APPLICATION

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## I. INTRODUCTION

Mr. Dam's Objection is a procedural motion to extend the hearing. Therefore, the Court has discretion to deny the request. Fed.R.Bank.P. 9006. Furthermore, Mr. Dam does not state cause to delay PLG's fee application hearing. He says he is looking for a lawyer to help develop a way to lay claim to the \$3 million in settlement proceeds that the Trustee obtained for the estate's benefit. There is no reason to allow Mr. Dam to pursue this vague and improper wish.

Cause does not exist for the further reason that the proposed claims to these proceeds are barred by the doctrines of claim and issue preclusion. The Automatic Stay Order<sup>1</sup> held that the Trustee's claims in the Perkins Adversary<sup>2</sup> and Mr. Dam's first three claims for relief asserted in the WTT Token Class Action<sup>3</sup> arose from the same of facts, were "reflective" of each other, were property of the estate and that the Trustee had the exclusive standing to bring these claims. Mr. Dam would have the Court reverse its holding and grant exclusive standing to Mr. Dam to bring claims against Perkins. The Automatic Stay Order bars this effort.

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<sup>1</sup> "Automatic Stay Order" refers to the *Memorandum Opinion and Order Regarding Stay and Motion for Order to Show Cause*, dated September 27, 2021, ECF No. 921.

<sup>2</sup> "Perkins Adversary" refers to the adversary proceeding entitled, *Waldron v. Perkins Coie LLP, et al.*, Adv. Proc. No. 20-80031, commenced on November 19, 2020 in the above-captioned Court.

<sup>3</sup> "WTT Token Class Action" refers to the class action entitled, *Dam v. Perkins Coie LLP, et al.*, Case No. 20-464, commenced on December 16, 2020 in the U.S. District Court for the Eastern District of Washington.

1 Furthermore, Mr. Dam released the estate of any claims arising from or  
2 relating to the facts underlying the WTT Token Class Action. The Trustee’s claims  
3 in the Perkins Adversary arose from and relate to the same facts that underly the  
4 WTT Token Class Action. Therefore, when Mr. Dam asserts an interest in the  
5 Trustee’s claims he is asserting a claim that falls squarely within the release of all  
6 claims, legal or equitable, arising from or relating to the facts underlying the WTT  
7 Token Class Action. It is released.

8 For all these reasons, the Potomac Law Group PLLC (“PLG”) respectfully  
9 requests that the Court to overrule Mr. Dam’s Objection, deny his request for a  
10 postponement and hold the hearing on PLG’s fee application on September 10,  
11 2024, as scheduled.

## 12 II. ARGUMENT

### 13 A. The Objection is a Procedural Motion to Extend a Hearing Date

14 Pursuant to Fed.R.Bank.P. 9006, a court can extend a hearing “*for cause*  
15 shown . . . *in its discretion*. . . .” Fed. R. Bankr. P. 9006 (emphasis added). PLG  
16 requests that the Court deny this request. PLG would be prejudiced by the delay.  
17 And there is no scenario under which PLG could be deprived of compensation for  
18 obtaining these proceeds as the Trustee’s counsel. Furthermore, Mr. Dam’s  
19 proposed claim to ownership of the Settlement Proceeds is barred and released, as  
20 set forth below, as a matter of law. Accordingly, PLG requests that the Court deny  
21 the request for an extension.

1     **B.     Cause Does Not Exist to Postpone the Fee Application Hearing**

2             There is no cause to delay the hearing on PLG’s fee application while Mr.  
3     Dam searches for a lawyer who would be willing to bring a case that faces  
4     insurmountable hurdles, as set forth below.

5             **1.   Claim Preclusion Bars Mr. Dam’s Proposed Claims**

6             On September 27, 2021, the Court entered the Automatic Stay Order in  
7     which the Court held, on the Trustee’s motion, that Mr. Dam’s generalized claims  
8     alleged in the WTT Token Class Action belonged to the estate. The Automatic  
9     Stay Order further held that the Trustee’s claims asserted in the Perkins Adversary  
10    and Mr. Dam’s claims asserted in the WTT Token Action arose from the same  
11    “core factual allegations.” Automatic Stay Order, ECF No. 921 at 3.

12            The Court added: “[T]he Class has ‘merely repackaged the same facts  
13    underlying the Trustee’s claims without any new particularized injuries’ that are  
14    traceable to Perkins.” *See* Automatic Stay Order, ECF No. 921 at 17 (*quoting In re*  
15    *Bernard L. Madoff Inv. Sec. LLC*, 531 B.R. 345, 353-54 (S.D.N.Y. 2015). The  
16    Court stated that Mr. Dam’s generalized claims were “*merely reflective of the*  
17    *estate’s claims*. As a result, *the Class lacks standing to pursue the claims*.”  
18    Automatic Stay Order, ECF No. 921 at 19 (emphasis added).

19            The Automatic Stay Order provides that the Trustee – not Jun Dam – has the  
20    exclusive standing to bring the generalized claims arising from the facts that both  
21    the Trustee and Jun Dam were alleging in their respective lawsuits. “When the  
22    trustee has standing to assert a debtor’s claim, that standing is exclusive and



1 divests all creditors of the power to bring the claim.” Automatic Stay Order, ECF  
2 No. 921 at 6. Therefore, Mr. Dam cannot have an interest in these proceeds that  
3 would allow him to take the proceeds ahead of all other creditors.

4 Mr. Dam appealed the Automatic Stay Order to the District Court (Case No.  
5 21-291). However, he dismissed that appeal with prejudice pursuant to his  
6 settlement with Perkins (the “WTT Token Settlement Agreement”), Art. VII, ¶ G,  
7 attached hereto as **Exhibit A**, after the Court approved it pursuant to that certain  
8 *Order Granting Final Approval of Class Action Settlement*, dated May 23, 2024,  
9 attached hereto as **Exhibit B**. Regarding the dismissal of the appeal of the  
10 Automatic Stay Order, the WTT Token Settlement Agreement stated, “Any acts by  
11 Perkins Coie keyed off of the Effective Date and conditions of settlement will not  
12 be required until the consolidated appeal is dismissed.” *Id.*, Art. VII, ¶ G.

13 On July 1, 2024, Mr. Dam and the Trustee filed their Stipulated Dismissal of  
14 Consolidated Appeals, attached hereto as **Exhibit C**. On August 2, 2024, the  
15 District Court dismissed the appeal of the Automatic Stay Order with prejudice in  
16 its *Order Granting Dismissal and Closing File*, attached hereto as **Exhibit D**.

17 Dismissal of the Consolidated Appeal with prejudice was also a condition of  
18 the Trustee’s settlement of the Perkins Adversary. *See* Settlement Agreement and  
19 Release, Art. III, ¶ G.3, attached hereto as **Exhibit E**. This Court approved the  
20 settlement of the Perkins Adversary pursuant to that certain Order dated October 5,  
21 2023, ECF No. 1031.

1 Because Mr. Dam’s appeal of the Automatic Stay Order was dismissed with  
2 prejudice, the Automatic Stay Order retains its preclusive effect. *See U.S. Bancorp*  
3 *Mortg. Co. v. Bonner Mall P’ship*, 513 U.S. 18, 22, 115 S. Ct. 386, 390, 130 L. Ed.  
4 2d 233 (1994) (holding that when an appeal is mooted by the parties’ settlement  
5 and the appeal is dismissed, the underlying Orders retain their preclusive effect,  
6 unless the appellate court grants the exceptional equitable remedy of vacatur); *City*  
7 *& Cnty. of San Francisco v. United States Citizenship & Immigr. Servs.*, 992 F.3d  
8 742, 753–54 (9th Cir. 2021) (“[C]ourts rarely vacate a lower court decision when  
9 the parties voluntarily settle a case.”). The District Court did not vacate the  
10 Automatic Stay Order. Therefore, it retained its preclusive effect.

11 Claim preclusion applies where “the earlier suit (1) involved the same  
12 ‘claim’ or cause of action as the later suit, (2) reached a final judgment on the  
13 merits, and (3) involved identical parties or privies.” *Save Bull Trout v. Williams*,  
14 51 F.4th 1101, 1107 (9th Cir. 2022).

15 a) **The Automatic Stay Contested Matter and the Proposed**  
16 **Adversary Proceeding Involve the Same Claim**

17 Claim preclusion “bars a party in successive litigation from pursuing claims  
18 that ‘were raised or could have been raised in a prior action.’” *Owens v. Kaiser*  
19 *Found. Health Plan, Inc.*, 244 F.3d 708, 713 (9th Cir. 2001) ( *quoting Western*  
20 *Radio Servs. Co. v. Glickman*, 123 F.3d 1189, 1192 (9th Cir. 1997)). Claim  
21 preclusion prevents Mr. Dam’s latest gambit by barring re-litigation of claims  
22 that were or could have been brought in a prior matter, in this case the contested

1 matter that ended with the Automatic Stay Order. Reflecting these principles, the  
2 court’s analysis on this element considers the following four criteria:

3 [W]hich are not applied mechanistically: **(1)** whether the  
4 two suits arise out of the same transactional nucleus of  
5 facts; **(2)** whether rights or interests established in the  
6 prior judgment would be destroyed or impaired by  
7 prosecution of the second action; **(3)** whether the two  
8 suits involve infringement of the same right; and **(4)**  
9 whether substantially the same evidence is presented in  
10 the two actions.

11 *Chao v. A–One Med. Servs., Inc.*, 346 F.3d 908, 921 (9<sup>th</sup> Cir. 2003).

12 **(1) These Two Matters Arise Out of the Same**  
13 **Transactional Nucleus of Facts**

14 “The central criterion in determining whether there is an identity of claims  
15 between the first and second adjudications is ‘whether the two suits arise out of the  
16 same transactional nucleus of facts.’” *Owens*, 244 F.3d at 714 (9<sup>th</sup> Cir. 2001))  
17 (*quoting Frank v. United Airlines, Inc.*, 216 F.3d 845, 851 (9<sup>th</sup> Cir. 2000) (citation  
18 omitted)).

19 The Automatic Stay Order arose from the claims that Mr. Dam asserted in  
20 the WTT Token Class Action. The Court held that those close arose from the same  
21 facts as the facts alleged by the Trustee and the Perkins Adversary. They were the  
22 same as the Trustee’s claims only “packaged” differently. Therefore, the Trustee  
23 had the exclusive standing to bring these claims on behalf of the estate. Now Mr.  
24 Dam wants to claim that in fact the Trustee’s claims were litigated on his behalf.

1                                   (2)    **The Trustee’s Rights and Interests Established in the**  
2   **Automatic Stay Order Would Be Destroyed or**  
3   **Impaired by Prosecution of the Proposed Adversary**  
4   **Proceeding**

5           The Automatic Stay Order allowed the Trustee to exercise exclusive control  
6 over the claims arising from the facts alleged in both the WTT Token Class Action  
7 and the Perkins Adversary. Granting Mr. Dam the right to the proceeds of those  
8 proceeds would destroy the estate’s rights under the Automatic Stay Order.

9                                   (3)    **The Two Matters Involve Infringement of the Same**  
10   **Right**

11           The Automatic Stay contested matter and Mr. Dam’s Objection involve  
12 infringement of the right to assert claims arising from the same facts against  
13 Perkins. The Court ruled in the estate’s favor. Mr. Dam is now asking the court to  
14 reverse itself and rule in his favor.

15                                   (4)    **The Two Matters Involve the Same Evidence**

16           In the Automatic Stay contested matter, the Court considered the question of  
17 standing to bring the claims arising from the facts asserted in both the WTT Token  
18 Class Action and the Perkins Adversary. Mr. Dam’s Objection turns on the same  
19 claims and therefore the same facts. *Cf. Feminist Women's Health Ctr. v.*  
20 *Codispoti*, 63 F.3d 863, 868 (9th Cir. 1995) (holding that *res judicata* bars  
21 subsequent action when the plaintiff “had to produce substantially the same  
22 evidence in both suits to sustain its case”).

1                   **b)     The Automatic Stay Order Is Final**

2                   Mr. Dam stipulated that the Court could decide the issue of standing and  
3 ownership of the claims in the Automatic Stay contested matter based on the  
4 record before the Court.

5                   JUDGE [TO Mr. Blood, counsel for the Class]: Both Ms.  
6 Egan on behalf of the trustee and Mr. Blood on behalf of  
7 Mr. Dam want me to decide today whether or not the  
8 District Court Action is subject to the stay . . . . I could  
9 rule, make a final order one way or the other way, if I am  
10 not awarding sanctions, is that right Mr. Blood?

11                  MR. BLOOD: *Yes that's our position* (ECF 915  
12 beginning at 14:44).

13 Automatic Stay Order, ECF No. 921 at 2, n. 3. (Emphasis added.)

14                  This stipulation is consistent with the case law. The Supreme Court has held  
15 that a stay order is final if it places the opposing litigant “effectively out of court.”  
16 *Moses H. Cone Mem'l Hosp. v. Mercury Constr. Corp.*, 460 U.S. 1, 10, 103 S.Ct.  
17 927, 74 L.Ed.2d 765 (1983) (*quoting Idlewild Bon Voyage Liquor Corp. v.*  
18 *Epstein*, 370 U.S. 713, 715 n. 2, 82 S.Ct. 1294, 8 L.Ed.2d 794 (1962) (per  
19 curiam)). *Accord In re PG&E Corp. Sec. Litig.*, 100 F.4th 1076 (9th Cir. 2024).  
20 The Automatic Stay Order put Mr. Dam “effectively out of court” with respect to  
21 the claims arising from the same facts alleged in the Perkins Adversary and the  
22 WTT Token Class Action. Therefore, the Order regarding standing to pursue those  
23 claims is final.

1                   c)     **The Automatic Stay Contested Matter and Mr. Dam's**  
2                             **Proposed Adversary Proceeding Involve the Same Parties**

3                   The Trustee brought the motion for the Automatic Stay Order against Mr.  
4                   Dam, who opposed it. The Trustee would be the defendant in Mr. Dam's proposed  
5                   adversary proceeding. Therefore, the same parties would be present in both  
6                   matters.

7                   **2. Issue Preclusion Bars Mr. Dam's Proposed Claims**

8                   Collateral estoppel or issue preclusion precludes relitigating issues that have  
9                   already been litigated and that were necessary to a prior judgment. *Parklane*  
10                  *Hosiery Co. v. Shore*, 439 U.S. 322, 326 n. 5, 99 S.Ct. 645, 649 n. 5, 58 L.Ed.2d  
11                  552 (1979). How it is used to avoid needless litigation is left to the broad  
12                  discretion of the trial court. *Id. See also United States v. Munsingwear, Inc.*, 340  
13                  U.S. 36, 38, 71 S. Ct. 104, 95 L. Ed. 36 (1950):

14                             [E]ven if the second suit is for a different cause of action,  
15                             the right, question or fact once so determined must, as  
16                             between the same parties or their privies, be taken as  
17                             conclusively established, so long as the judgment in the  
18                             first suit remains unmodified.

19                  *Id.*, at 105-06. The requirements for issue preclusion are:

20                             (1) the issue necessarily decided at the previous  
21                             proceeding is identical to the one which is sought to be  
22                             relitigated;

23                             (2) the first proceeding ended with a final judgment on  
24                             the merits; and

(3) the party against whom [issue preclusion] is asserted was a party or in privity with a party at the first proceeding.

*Reyn's Pasta Bella, LLC v. Visa USA, Inc.*, 442 F.3d 741, 746 (9th Cir. 2006).

These elements are present here.

a) **The Issue Underpinning Mr. Dam's Proposed New Adversary Proceeding Was Actually Litigated in the Automatic Stay Contested Matter and Was Necessary to the Automatic Stay Order With a Full and Fair Opportunity to Argue Them**

The Trustee asked the Court to hold that Mr. Dam's claims asserted in the Perkins Adversary were stayed pursuant to section 362(a)(3) of the Bankruptcy Code. The Court found that the first three claims of relief asserted by Mr. Dam in the WTT Token Class Action and the claims asserted by the Trustee in the Perkins Adversary arose from the same set of facts. The Court further held that only the Trustee had standing to bring claims arising from these facts. Although Mr. Dam gave his claims different names, they were merely "reflective" of the Trustee's claims and they belonged to the estate. This finding was essential to the Court's Automatic Stay Order.

Mr. Dam would have the Court reconsider the issue of exclusive standing to bring these claims and thus overrule the Automatic Stay Order. Re-litigation of the issue is precluded.

Mr. Dam had a full and fair opportunity to litigate these issues. Through counsel, he stipulated to having the Court decide these issues in the contested matter. Automatic Stay Order, ECF No. 921 at 2, n. 3.

1                   **b)     The Automatic Stay Order Is Final**

2                   As set forth above, the Automatic Stay Order was a final judgment on the  
3 merits.

4                   **c)     The Parties Are the Same**

5                   Both Mr. Dam and the Trustee were the parties in the Automatic Stay  
6 contested matter. They would be the same parties in the proposed adversary  
7 proceeding. Therefore, his new claim is barred by issue preclusion.

8                   **3.   The Proposed Adversary Proceeding Is Barred by the Release**

9                   The WTT Token Settlement Agreement provides a release (“Release”) as  
10 follows:

11                               Upon the Effective Date, each and every Releasing Party  
12                               ***shall by order of this Court*** be deemed to have released,  
13                               waived, forfeited and shall be permanently barred and  
14                               enjoined from initiating, asserting, and/or prosecuting  
                                  ***any Released Claim against any Released Party*** in any  
                                  court or any forum.

15                   WTT Token Settlement Agreement at 24:20-23, Art. VII, ¶ A, **Exh. A.** (Emphasis  
16 added.) The Effective Date occurred on July 8, 2024. *See* Declaration of Pamela  
17 M. Egan (“Egan Declaration”), filed herewith.

18                   The WTT Token Settlement Agreement further states:

19                               “Released Claims” means any and all actions, claims,  
20                               demands, rights, suits, and causes of action of whatever  
21                               kind or nature against the Released Parties, including  
                                  damages, costs, expenses, penalties, equitable relief,  
                                  injunctions, and attorneys’ fees, known or unknown,



1                   suspected or unsuspected, in law or in equity, *that arise*  
2                   *from or relate to the facts giving rise to this Action.*

3                   WTT Token Settlement Agreement at 9:7-11, Art. II, ¶ A.35, **Exh. A.** (Emphasis  
4                   added).

5                   The WTT Token Settlement Agreement further provided that:

6                   [U]pon final approval of the Settlement Agreement, the  
7                   Final Judgment and Approval Order shall be entered  
8                   dismissing the Action with prejudice and releasing all  
9                   Released Claims against the Released Parties.

10                  *Id.*, Recitals at 3:19-21, **Exh. A.** The WTT Token Settlement Agreement is  
11                  governed by Washington law. *Id.* at 32:3-5, Art. XII, ¶ M, **Exh. A.**

12                  As set forth above, the District Court approved the WTT Token Settlement  
13                  Agreement on May 23, 2024. *See* Order, **Exh. B.** Perkins, Mr. Dam, and the Class  
14                  Members agreed that as to disputes between themselves the District Court would  
15                  retain jurisdiction to interpret the Agreement. WTT Token Settlement Agreement  
16                  at 25:21-25, Art. VII, ¶ E, Art. XII, ¶ L, **Exh. A.** The Trustee is excluded from that  
17                  provision. Therefore, this Court has jurisdiction to interpret and enforce the  
18                  Release of the estate.

19                  The Washington Supreme Court “interprets settlement agreements in the  
20                  same way as other contracts.” *McGuire v. Bates*, 169 Wash. 2d 185, 188 (2010)  
21                  (citing *Mut. of Enumclaw Ins. Co. v. USF Ins. Co.*, 164 Wash. 2d 411, 424 n. 9  
22                  (2008)). In interpreting contracts, Washington courts follow the “objective  
23                  manifestation theory of contracts.” *Hearst Commc'ns, Inc. v. Seattle Times Co.*,  
24                  154 Wash. 2d 493, 503 (2005). Under that approach, courts “impute an intention

1 corresponding to the reasonable meaning of the words used” and generally give  
2 words “their ordinary, usual, and popular meaning unless the entirety of the  
3 agreement clearly demonstrates a contrary intent.” *Id.* at 503-04. The parties’  
4 subjective intent is generally irrelevant if “an intention corresponding to the  
5 reasonable meaning of the words used” can be imputed. *Id.*

6 a) **Mr. Dam is a “Releasing Party” Within the Meaning of the**  
7 **WTT Token Settlement Agreement**

8 The WTT Token Settlement Agreement states, “‘Releasing Party’ means  
9 Plaintiff and each and every Class Member.” *WTT Token Settlement Agreement* at  
10 9:18-19, Art. II, ¶ A.37, **Exh. A**. The Agreement states, “‘Plaintiff’ means the  
11 proposed Class Representative Eric Blomquist.” *Id.* at 8:22-23, Art. II, ¶ A.32.  
12 However, it also means Jun Dam because it uses the term “Plaintiff” to refer to Mr.  
13 Dam. For example, it states, “Plaintiff will seek a voluntary dismissal” of the  
14 Consolidated Appeal. *Id.* at 26:15-16, Art. VII, ¶ G. It also recites how “Plaintiff”  
15 appealed the Automatic Stay Order, *id.* at 2:12-14, Art. I, ¶ F, and how “Plaintiff  
16 and his counsel. . . attended an all day, in person mediation . . . on January 20,  
17 2023.” *Id.* at 2:20-22, Art. I, ¶ I. Jun Dam is also listed in the caption of the WTT  
18 Token Settlement Agreement as a named Plaintiff.

19 Jun Dam is a “Releasing Party” for the additional reason that he is also a  
20 Class Member, which the WTT Token Settlement Agreement defines as “all  
21 persons or entities who owned one or more Tokens on November 19, 2018” who  
22

1 have not opted out. *Id.* at 4:24-26, 5:1-9, Art. II, ¶ A.9.<sup>4</sup> Jun Dam alleges that he  
2 owned Tokens on the Petition Date. *See* Jun Dam Proof of Claim No. 51 (claiming  
3 to own WTT Tokens as of the Petition Date). He did not opt out of the class.

4 **b) The Giga Watt Estate Is A Released Party**

5 The WTT Token Settlement Agreement defines “Released Party” or  
6 “Released Parties” to include, “the Giga Watt Estate, Mark D. Waldron as Chapter  
7 7 Trustee of the Giga Watt Estate, and agents and attorneys of the Giga Watt  
8 Estate. WTT Token Settlement Agreement at 9:12-17, Art. II, ¶ A.36, **Exh. B.**

9 **c) Mr. Dam’s Proposed Claim Is a “Released Claim”**

10 As set forth above, the WTT Token Settlement Agreement defines  
11 “Released Claim” as claims “that arise from or relate to the facts giving rise to this  
12 Action.” *Id.* at 9: 7-11, Art. II, ¶ A.35, **Exh. B.** The facts giving rise to the WTT  
13 Token Action and to the Perkins Adversary were the same. Therefore, Mr. Dam’s  
14 assertion that he owns the claims made in the Perkins Adversary arises from and  
15 relates to “the facts giving rise to this Action.”

16 **d) The Release Is Deemed to Be a Court Order**

17 Mr. Dam released the estate “by order” of the District Court. WTT Token  
18 Settlement Agreement at 24:22-23, Art. VII, ¶ A, **Exh. A.** Consideration is not  
19 necessary for an Order to be enforceable.

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22 <sup>4</sup> The exceptions to class membership stated therein do not apply here.

1                   e)     **The Release Is Supported By Consideration**

2             Perkins paid \$4.5 million pursuant to the WTT Token Settlement Agreement  
3     in exchange for a release from Mr. Dam of both Perkins and the estate. That  
4     consideration is sufficient for the estate to enforce the release against Mr. Dam  
5     under Washington law which governs both the Trustee's settlement and the WTT  
6     Token settlement. WTT Token Settlement Agreement, Art. XII, ¶ M, **Exh. A**. *See*  
7     *John Davis & Co. v. Cedar Glen No. Four, Inc.*, 75 Wash. 2d 214, 450 P.2d 166  
8     (1969):

9                   It is not essential that the consideration move directly  
10                  from the promisee. It is sufficient if it moves from a third  
11                  person. Generally, if consideration is sufficient in other  
12                  respects, it does not matter from whom the consideration  
                    moves. It may move from a third person as well as from  
                    the promisee.

13     *Id.*, 75 Wash. 2d at 22, 450 P.2d at 171. (Citation omitted.) Perkins paid the \$4.5  
14     million to the class in order to obtain the release of both itself and the estate. The  
15     Trustee would not have released Perkins otherwise. *See* Declaration of Mark D.  
16     Waldron ("Waldron Declaration"), filed herewith.

17                   f)     **The Trustee's Detrimental Reliance on the Release is a**  
18                           **Consideration Substitute**

19             If Mr. Dam were to violate the Automatic Stay Order and the Release and  
20     commence an adversary proceeding to revisit the issue of standing over the claims  
21     asserted in the Perkins Adversary and the WTT Token Class Action, then the  
22     Trustee would, among other things, counter-claim asserting promissory estoppel to

1 enforce the Release. “Promissory estoppel based on Restatement of Contracts  
2 section 90 (1932) has long been recognized in this state. . . .” *Klinke v. Famous*  
3 *Recipe Fried Chicken, Inc.*, 94 Wash. 2d 255, 259, 616 P.2d 644, 646 (1980).

4 Restatement (First) of Contracts § 90 (1932) states:

5           A promise which the promisor should reasonably expect  
6           to induce action or forbearance of a definite and  
7           substantial character on the part of the promisee and  
8           which does induce such action or forbearance is binding  
9           if injustice can be avoided only by enforcement of the  
10          promise.

11 *Id.* A party’s detrimental reliance on another’s promise is a substitute for  
12 consideration.

13           The doctrine of promissory estoppel operates “to make a  
14           promise binding, under certain circumstances, without  
15           consideration in the usual sense” as it allows a plaintiff to  
16           sue for enforcement of a promise based, in part, on  
17           reliance.

18 25 Wash. Prac., Contract Law And Practice § 6:1 (3d ed.) (*quoting Greaves v.*  
19 *Medical Imaging Systems, Inc.*, 124 Wash. 2d 389, 398, 879 P.2d 276 (1994) and  
20 *Klinke*, 94 Wash. at 261, n. 4). *See also* 4 Williston on Contracts § 8:4 (4th ed.)  
21 (“The binding thread in all the classes of cases [regarding promissory estoppel] is  
22 the justifiable reliance of the promisee and the hardship involved in refusal to  
23 enforce the promise.”).

24           The Trustee’s promissory estoppel counterclaim would meet all the elements  
25 of promissory estoppel. The Trustee required the Release before he would agree to  
settle the Perkins Adversary. Mr. Dam knew this because it was communicated to

1 his counsel multiple times over the course of more than a year of negotiations. See  
2 Declaration of Pamela M. Egan, filed herewith. In reliance on the Release, the  
3 Trustee entered into the Trustee's Settlement with Perkins. *See* Waldron  
4 Declaration. It would be unjust to allow Mr. Dam to evade the Release now.

### 5 **III. RESERVATION OF RIGHTS**

6 PLG reserves the right to contest Mr. Dam's proposed claims on any ground  
7 whatsoever, including, but not limited. to the grounds set forth herein.

### 8 **IV. CONCLUSION**

9 It would be well within the Court's discretion to postpone consideration of  
10 PLG's fees. Mr. Dam wants a postponement so that he has more time to figure out  
11 how to evade the Automatic Stay Order and the Release. The doctrines of claim  
12 and issue preclusion anticipate and block this effort. He cannot re-litigate the  
13 original dispute and evade this Court's adverse rulings. Further, the Release is a  
14 binding Court Order to which Mr. Dam is also bound.

15 *[This Reply continues on the next page.]*  
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22

1           WHEREFORE, PLG requests that the Court deny the Objection, grant the  
2 Fee Application, and grant such other and further relief as the Court deems  
3 appropriate and just.

4       Dated: August 27, 2024           POTOMAC LAW GROUP PLLC

5  
6   By: /s/ Pamela M. Egan  
  Pamela M. Egan (WSBA No. 54736)